

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of  
  
Telephone Number Portability

CC Docket No. 95-116

**COMMENTS OF LOCKHEED MARTIN IMS  
ON PETITIONS FOR CLARIFICATION AND/OR RECONSIDERATION**

Pursuant to Section 1.429(f) of the Federal Communications Commission's ("FCC" or the "Commission") rules, 47 C.F.R. § 1.429(f), Lockheed Martin IMS ("Lockheed Martin") submits its comments addressing certain petitions for clarification and/or reconsideration of the Commission's *Cost Recovery Order* in the above-captioned proceeding.<sup>1</sup>

**I. INTRODUCTION**

Lockheed Martin, as the local number portability administrator ("LNPA") for all seven local number portability ("LNP") regions, is working closely with the limited liability companies ("LLCs") for each region<sup>2</sup> to implement the letter and spirit of the *Cost Recovery Order* and to develop billing and collection mechanisms that ensure that Lockheed Martin can collect revenue in a timely manner to support fully LNPA operations. Lockheed Martin is confident that the billing and collection issues raised by some petitioners can be resolved satisfactorily by the parties.

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<sup>1</sup> See *Telephone Number Portability*, Third Report and Order, FCC 98-82, CC Docket No. 95-116 (May 12, 1998) ("Cost Recovery Order").

<sup>2</sup> Each LNP region has an established LLC which has existing contracts with the LNPA to provide LNP database services.

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In addition, Lockheed Martin already is fully committed to making its charged fees available for audit pursuant to its existing LNPA contracts. The PCIA proposal, however, that the FCC require that the LNPA make its budget available for annual public comment, however, is unnecessary. Lockheed was awarded seven, separate, five-year LNPA regional contracts following a vigorous competitive bidding process during which fixed charged fees were negotiated, but the bidders' individual cost data was treated by all parties as highly confidential and proprietary. This process ensured that the industry received the lowest possible prices for the desired service. Therefore, annual auditing of Lockheed Martin's LNPA costs is unnecessary.

**II. LOCKHEED MARTIN ALREADY IS WORKING WITH INTERESTED PARTIES TO ENSURE THE EFFICIENT AND FAIR IMPLEMENTATION OF THE *COST RECOVERY ORDER***

WorldCom, Inc. ("WorldCom") and MCI Telecommunications Corporation ("MCI")<sup>3</sup> have asked the Commission to address certain billing and collection issues, specific to LNPA operations, raised by the *Cost Recovery Order*. Lockheed Martin already is engaged in discussions with the LLCs on these same issues and is confident that they will be satisfactorily resolved during this process. Therefore, it would be premature for the FCC to address these issues at this time.

In its *Cost Recovery Order* the Commission charged the regional LNPAs with billing and collection responsibilities for their specific regions and required that the LNPAs collect revenues from all telecommunications carriers in a region.<sup>4</sup> Each LNPA must "collect sufficient revenues from all telecommunications carriers providing telecommunications service in areas that regional database [sic] serves to fund the operation

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<sup>3</sup> See WorldCom, Inc., *Petition for Clarification or, In The Alternative, Reconsideration* (July 29, 1998); MCI Telecommunications Corporation, *Petition for Clarification and Partial Reconsideration* (July 29, 1998).

<sup>4</sup> *Cost Recover Order* at ¶ 116.

of that regional database.”<sup>5</sup> Because Lockheed Martin serves as the LNPA for all seven LNP regions, this requirement effectively designates Lockheed Martin as the nationwide LNP billing and collections agent.<sup>6</sup> As a result, Lockheed Martin must collect “sufficient revenues” from thousands of carriers, with most of whom it does not have LNP contracts. Absent such contractual relationships, Lockheed Martin may be unable to collect sufficient revenues in a timely manner to support adequately LNPA database operations.

The lack of a contractual relationship with the majority of carriers from whom Lockheed Martin must collect revenues also raises potential enforcement problems. Lockheed Martin’s only enforcement mechanism, the Section 208 complaint process,<sup>7</sup> cannot resolve collection disputes in a sufficiently timely manner and could ultimately increase shared industry costs through increased collections costs.

The consultative process underway between Lockheed Martin and the LLCs will provide an effective forum for establishing alternative billing and collection implementation approaches now under discussion that will address industry concerns such as those raised by the WorldCom and MCI petitions. Through this process, the policy goals of the FCC, including the requirement for competitive neutrality, can be met and balanced with the needs of the industry, as well as the operational requirements of the LNPA.

### **III. ANNUAL AUDITS OF LOCKHEED MARTIN’S BUDGET ARE UNNECESSARY**

In its petition for clarification, the Personal Communications Industry Association (“PCIA”) states that “the Commission should provide for the financial oversight of the

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<sup>5</sup> *Id.*

<sup>6</sup> Although originally selected for four of the seven LNP regions, Lockheed Martin, following subsequent negotiations, was selected as the LNPA for the additional three regions when the original administrator proved unable to fulfill its obligations.

<sup>7</sup> The FCC declined to establish specific collection enforcement mechanisms beyond the standard complaint process set forth in Section 208 of the Communications Act of 1934, as amended. *Cost Recovery Order* at ¶ 121.

regional database administrators by placing their annual budgets out for public comment.”<sup>8</sup> Lockheed Martin was awarded the LNPA regional contracts through a vigorously competitive selection process designed to ensure the lowest possible prices to the industry. This selection process ensured that the industry received the highest quality service at the lowest possible price. Thus, such “oversight” is unnecessary given that the charged fees for LNP already have been determined through the competitive procurement process.

Moreover, Lockheed Martin already is committed to making its charged fees available for audits pursuant to existing LNPA contractual requirements. PCIA’s request for public disclosure of Lockheed Martin’s highly confidential and proprietary cost and budget data is inconsistent with the competitive bidding process through which the regional LNPAs were selected and simply serves no purpose. Moreover, such disclosure would not operate to control costs that already have been established through rigorous negotiations. The competitive bidding process requires that the kind of cost information sought by PCIA remains confidential so that no party is unfairly advantaged during any future competitive bidding process that may be initiated for neutral third party services. Providing a competitor access to another competitor’s proprietary cost data would compromise severely the integrity of these bidding processes.

Lockheed Martin seeks to continue to offer the highest quality LNP services at the most affordable prices for as long as it meets the needs of the industry. Public disclosure of its sensitive business information would unfairly harm Lockheed Martin in competitive bidding for any future third party contracts. Because the competitive bidding process has already operated to reduce prices to the industry to the lowest reasonable levels, the additional financial oversight sought by PCIA is simply not required.

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<sup>8</sup> *Petition for Clarification of the Personal Communications Industry Association*, at 4.

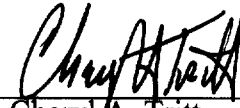
#### IV. CONCLUSION

Development of a fair and efficient billing and collection mechanism to implement the *Cost Recovery Order* will require the cooperation and efforts of all interested parties. Lockheed Martin already has begun this process by opening discussions with the LLCs to address specific concerns regarding LNPA billing and collection operations raised by LLC members and expects an efficient and fair billing and collection implementation mechanism to be developed through consultative efforts with all interested parties.

In addition, Lockheed Martin already is fully committed to making its charged fees available for audit pursuant to its current LNPA contracts, rendering unnecessary a Commission requirement that proprietary cost data be disclosed on an annual basis. Such disclosure would harm unfairly Lockheed Martin's competitive position and ultimately damage the integrity of third party competitive selection processes.

Respectfully submitted,

By: \_\_\_\_\_



Cheryl A. Tritt  
James A. Casey  
Morrison & Foerster LLP  
2000 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006-1888  
Telephone: (202) 887-1500

Counsel for Lockheed Martin IMS

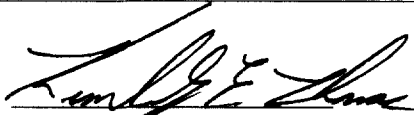
August 13, 1998

## Certificate of Service

I, Kimberly E. Thomas, do hereby certify that the foregoing **Comments Of Lockheed Martin IMS Petitions For Clarification And/Or Reconsideration** were delivered, via first class mail, postage prepaid, on this 13<sup>th</sup> day of August, 1998, to the following:

Magalie Roman Salas* Secretary Federal Communications Commission 1919 M Street, N.W., Room 222 Washington, D.C. 20554	Chairman William E. Kennard* Federal Communications Commission 1919 M Street, N.W., Room 814 Washington, D.C. 20554
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Neil Cohen* Common Carrier Bureau Federal Communications Commission 1919 M Street, N.W., Room 518 Washington, D.C. 20554	Lloyd Collier* Common Carrier Bureau Federal Communications Commission 1919 M Street, N.W., Room 518 Washington, D.C. 20554
Geraldine Matise, Chief* Network Services Division Common Carrier Bureau Federal Communications Commission 2000 M Street, N.W., Room 235 Washington, D.C. 20554	Anna Gomez* Network Services Division Common Carrier Bureau Federal Communications Commission 2000 M Street, N.W., Room 235 Washington, D.C. 20554
Larry Strickling* Common Carrier Bureau Federal Communications Commission 1919 M Street, N.W., Room 500 Washington, D.C. 20554	Katherine C. Brown Common Carrier Bureau Federal Communications Commission 1919 M Street, N.W., Room 500 Washington, D.C. 20554

\* By Hand

  
Kimberly E. Thomas